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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 002722

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [PTER](#) [KNNP](#) [PK](#) [IN](#)  
SUBJECT: MIXED SENTIMENT AMONG INDIANS OVER ZARDARI  
GOVERNMENT, WELCOMING POSSIBLE TRADE ALONG LOC

REF: A. NEW DELHI 2532  
[1](#)B. NEW DELHI 2401  
[1](#)C. NEW DELHI 2246

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Classified By: Acting Political Counselor Pushpinder Dhillon for Reason  
s 1.4 (B, D)

[1](#)1. (C) Summary: The Indian Government has been in wait-and-see mode regarding the path of India's bilateral relationship with Pakistan since President Zardari's election on September 6. Indian media has paid much attention to positive comments made by Zardari, as well as to the possibility of trade opening up across the Line of Control (LOC). However, India's inherent mistrust of Pakistan remains alive and well, exemplified by the disconnect between positive analyses in the Indian press and sharper rhetoric from Indian government officials that Pakistan has become a greater threat. Defense Minister A.K. Antony and others have put the spotlight on cross-border insurgents and increased LOC ceasefire violations, although Post considers election year politics are likely a factor in their public remarks. The most common question on Indian minds when it comes to the Zardari administration is: Will it last long enough to make a difference? End Summary.

ZARDARI INITIALLY WELL RECEIVED IN INDIA  
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[1](#)2. (C) Senior Indian officials and the Indian media have been closely watching the initial weeks of Pakistan President Zardari's administration, trying to assess its impact on Indo-Pak relations. While Indian officials have been more cautious, Indian media has been generally favorable in its coverage of Zardari. President Zardari's comments during the week of October 6, including his unexpected comment that "India has never been a threat to Pakistan," received positive coverage in Delhi. Zardari also referred to

militants in Jammu and Kashmir as "terrorists" to the delight of many Indian commentators. Although he quickly backtracked on his remarks and made reassurances that there is no change in Pakistan's Kashmir policy, Zardari's comments have painted him in a positive light amongst Indians. Press reports interpreted his comments as a major positive shift in Pakistan's position. In another instance, Pakistani Interior Ministry chief advisor Rehman Malik was quoted by Indian press as having commented that "those carrying out terrorist attacks in Pakistan are neither Indians nor Americans" but rather Pakistani extremists, an acknowledgement which Indians viewed as candid and constructive, reflecting that Pakistan is finally beginning to recognize that terrorism poses a threat to Pakistan itself. Zardari's comments in March that ties between India and Pakistan should not be held hostage to the Kashmir issue have also captured an eager audience here in India, where many experts feel frustrated with the lack of progress on bilateral issues other than Kashmir, specifically regarding trade.

13. (C) Also warmly received in Delhi was President Zardari's acknowledgement, during his meeting with Indian Prime Minister Manmohan Singh in New York on the margins of the UN General Assembly, that the peace process had been under strain in recent months and his reassurance Pakistan stands by its commitments to crack down on militant groups and for eventual demilitarization of the border. In the joint press statement, President Zardari agreed that military sector commanders on both sides of the border would stay in regular contact in order to stabilize the ceasefire and to focus on concrete achievements during the fifth round of the Composite Dialogue, which the two sides agreed would be scheduled sometime in the next three months.

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...YET SKEPTICISM LINGERS

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14. (C) There is still, however, a large degree of skepticism in India as to whether or not President Zardari can be the vehicle for positive change in the relationship between the two states. While Indian media has apparently been willing to take Zardari's remarks at face value, Indian officials have recently amplified the critical rhetoric over alleged Pakistani behavior. Defense Minister Antony reacted strongly toward a reported uptick in infiltrations in the last month, saying publicly that "militants are getting support from across the border" and that there are many armed groups which have sanctuaries in neighboring states who "use these bases and resources to carry out acts of terrorism across India". Finance Minister Chidambaram accused Pakistan of supporting terrorist activities and communal violence in India, saying that "Pakistan had taken its hostility toward India beyond Kashmir". Foreign Secretary Shivshankar Menon, India's prime interlocutor in the Composite Dialogue process, said on September 19 to the press that Pakistan needs to fulfill its promises made to India to enable forward movement in the ties which have gone through difficult times lately.

15. (C) Some Pakistan experts, too, are keeping a critical eye on Zardari while at the same time noting that increased rhetoric on the part of Indian officials is a part of India's domestic politics in an election year. Former Indian Ambassador to Pakistan, G. Parthasarthy, minimized the significance of the civilian Zardari taking over Pakistan's presidency, asserting that real power in Pakistan rests with the military and the Inter-Services Intelligence (ISI), between which, he told Poloff, there is no distinction. Parthasarthy went on to explain that the army does not yield to politicians on 1) the relationship with India, 2) the relationship with Afghanistan, and 3) its nuclear weapons program. Parthasarthy characterized Pakistan's policy toward India as unchanged under Zardari, a policy that is aimed to inconvenience India without infuriating it. He alleged that Pakistan has been outsourcing retired ISI to Taliban for

plausible deniability. Parthasarthy admitted, however, that comments from political actors such as Antony and National Security Advisor M.K. Narayanan may be the ruling Congress Party's method of posturing ahead of Indian elections this Fall and early next year. The Pioneer Editor Ashok Malik also warned Poloff against expecting any breakthroughs in India-Pakistan relations this year, as the Indian parliamentary election season approaches, despite any overtures President Zardari may offer. According to Malik, Indians have become more concerned with their government's weaknesses than with an "aggressive Pakistan" as the recent spate of terrorist attacks are perceived as having been planned and executed domestically by Indian Muslim radicals living in India.

#### A GLIMMER OF HOPE FOR PROGRESS ON TRADE

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16. (C) Zulfikar Abbasi, President of the Muzaffarabad Chamber of Commerce, who last week led the trade delegation from Pakistan which secured a cross Line-of-Control trade deal, said he felt more hopeful that trade will help strengthen the peace process and help resolve ongoing issues between the two countries, a sentiment that was echoed by Delhi officials. Although the list of goods that will be permitted to be traded is expected to be restrictive, commentators view the deal as a necessary first step to greater volumes of cross-LOC trade. Ministry of External Affairs Deputy Secretary for Pakistan Affairs G. Balasubramanian confirmed

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to Poloff that India and Pakistan expect cross-LOC trade in Jammu and Kashmir to commence on October 21. Pakistan had been reluctant to cooperate with India on the economic front, Balasubramanian said, as it has been Pakistan's position to not move forward on the bilateral relationship until Jammu & Kashmir issues are resolved. Balasubramanian added his personal opinion that Pakistan would be more likely to try and work through these issues if the Bharatiya Janata Party (BJP) were in office, claiming that it is seen by Islamabad as the more credible party.

#### INDIANS WONDER HOW LONG ZARDARI WILL STAY

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17. (C) Many Indian contacts are worried about what they perceive as Zardari's tenuous grip on his position. Narayanan expressed to the press in a recent interview the widely-held sentiment in GOI circles that Musharraf's departure left a dangerous void in Pakistan, saying that Delhi was "deeply concerned about this vacuum because it leaves the radical extremist outfits with the freedom to do what they like... on (the Indian) side of the border". Malik, citing the Prime Minister's office as his source, said the Indian government is convinced that President Zardari has no more than six months in office before he is either pushed out by Pakistan's ISI or loses all influence to move forward on substantive foreign policy issues. Malik added, "Zardari is unlikely to last beyond the summer of 2009", until which time other players would likely impede his influence and ability to deliver concrete improvement on urgent security, economic, and governance issues. Balasubramanian had a more nuanced view, telling Poloff that as long as the ISI is not directly accused of carrying out operations against militants and can use Zardari as the scapegoat, the military would be willing to let him stay in office.

#### COMMENT: PRE-ELECTION POSITIONING LIKELY TO IMPEDE NEAR-TERM PROGRESS

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18. (C) Comment: The Indian public has largely come to accept Zardari and welcomes his positive statements, particularly commitments to continue the Composite Dialogue and other communications channels. However, the timing is not great for reciprocation from the Indian government. As India's

general elections approach amid a new wave of terrorism throughout India, being seen as soft on Pakistan would be a liability for any party, but particularly for the Congress which has always positioned itself and been viewed as a Muslim-friendly party. Post expects Indian officials to continue the tough rhetoric on Pakistan for the time being, demanding that Pakistan take responsibility over cross-border terrorism. We doubt India would offer any concessions in a Composite Dialogue setting until after the parliamentary elections due before May 2009. The approach could change quickly, however, once a new coalition government is established in Delhi. Should Zardari demonstrate firm civilian control over the government by that time, he would likely find an Indian counterpart equally eager to move the relationship out of the constraints of history, for the sake of "shining India". The stars could align for a real leap forward in Indo-Pak relations.

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